# Colorado Commission on Higher Education 2012 Retreat

AUGUST 2
COLORADO MOUNTAIN COLLEGE

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### Reasons for Financial Aid Review



- Last comprehensive review was in 2005
- Master Plan
- Changes in the state
  - Economic changes
  - Enrollment changes
  - Senate Bill 10-003
  - New Commissioners

### 2005 Comprehensive Review of Financial Aid

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#### Financial Aid Allocation History:

- Level 1 Need; "fair share"
  - Limited growth
  - Held harmless if total "need" was less than prior year
  - Cuts to state appropriations were applied proportionally
  - **Funded institutions, not students**
- CCHE Retreat in 2005
  - College Opportunity Fund had just been implemented.

### Financial Aid Allocation History



- Recommendations of the Blue Ribbon Panel and financial aid review led to current allocation methodology, Colorado's College Responsibility Allocation Methodology
- Colorado's College Responsibility Program
  - Level 1 FTE allocation (current)
    - **▼** Funding follows students
    - All students receive minimum grant

### Colorado's College Responsibility Program

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#### How the allocation works

- Level 1 FTE over the prior three years are reviewed
  - Uses Level 1 EFC of upcoming financial aid year
  - Includes all resident Level 1 students enrolled at least half time in undergraduate programs
- Institutions in Tier 1 and Tier 2 receive slightly more funding per FTE to address the differences in cost
  - **The cost of attendance at Tier 2 institutions is roughly 22 percent higher than at Tier 3 institutions**
  - The cost of attendance at Tier 1 institutions is roughly 36 percent higher than at Tier 3 institutions

# Colorado's College Responsibility Program



### What the model was designed to do

- Streamline state aid need based aid for undergraduate students
- Funding to follow student enrollments
- Acknowledge cost of attendance at each Tier
- Create a guaranteed minimum grant to Level 1 students
- Create separate allocation for graduate students enrolled in critical careers

# Colorado's College Responsibility Program

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#### • Unintended outcomes:

- Redistributes aid to institutions with rapid enrollment when there is no additional funding
- Built based upon an assumption that funding would grow with enrollment
- Funding per FTE dropped significantly

#### External Factors

- Changes to Pell Eligibility
- Legislative changes—SB 10-003
- Economic downturn
  - Increased enrollment
  - **Fewer dollars**
  - **×** New Schools

# Changes to Pell Eligibility

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	Max Pell Grant		
	(0 EFC)	Max Pell EFC	Level 1
			EFC from 0 to:
2002-2003	\$4,000	3,800	5,700
2003-2004	\$4,050	3,850	5,775
2004-2005	\$4,050	3,850	5,775
2005-2006	\$4,050	3,850	5,775
2006-2007	\$4,050	3,850	5,775
2007-2008	\$4,310	4,110	6,165
2008-2009	\$4,731	4,041	6,062
2009-2010*	\$5,350	4,617	6,926
2010-2011*	\$5,550	5,273	7,910
2011-2012	\$5,550	5,273	7,910
2012-2013 *Year Round Pell	\$5,550	4,995	7,493

#### A Closer Look at the Data

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#### Level 1 FTE Ranges

- Largest concentration of Level 1 FTE fall into the zero to 75 percent of Pell eligibility
- Community Colleges/Rural institutions have the greatest percentage of low income students
- The increases to the Pell EFC extend into what was considered Level 2 in 2006-2007

# Reduction to Per FTE Funding



- In the first year (FY2008)
  - Students received a minimum \$700/year, institutions received a minimum of \$850 per FTE to afford the payment.
- In the final year of implementation (FY2012)
  - The minimum award was \$850/year. Institutions received a minimum of \$625 per FTE.
- The base allocation dropped by more than 26 percent

### Average Undergraduate State Grant (Full-Time)

<b>Undergraduate Need Based Aid</b>	Minimum Grant	Maximum Grant	Average Grant	Total Awarded					
Tier 1 Public	18	5,000	1,211	20,083,152					
Tier 2 Public	80	6,084	1,198	15,363,493					
Tier 3 Public	20	5,000	835	15,649,076					
AVS	300	1,675	833	323,119					
Private	500	5,000	2,393	2,349,751					
Proprietary	34	5,000	1,355	2,451,882					

### Senate Bill 10-003



- Tuition Flexibility
- Financial Aid Flexibility FY 2013 and beyond
- Elimination of requirement that governing boards allocate 20 percent of any increase to undergraduate tuition revenues above inflation to institutional need based aid

History- Colorado State Funded Student Assistance Programs									
Fiscal Year	Need-Based Grants	Merit-Based Grants	Work-Based Aid	Campus Based Aid	Categorical Programs	Total State Aid	•	_	
2002-2003	\$51,550,101	\$14,874,498	\$16,612,357	\$83,036,956	\$8,049,044	\$91,086,000			
2003-2004	\$46,002,682	\$6,877,309	\$15,030,062	\$67,910,053	\$8,296,701	\$76,206,754	-18.22%	3.08%	
2004-2005	\$45,935,202	\$6,434,287	\$15,003,374	\$67,372,863	\$8,790,113	\$76,162,976	-0.79%	5.95%	
2005-2006	\$52,285,488	\$1,500,000	\$15,003,374	\$68,788,862	\$10,005,122	\$78,793,984	2.10%	13.82%	
2006-2007	\$60,096,963	\$1,500,000	\$14,884,300	\$76,481,263	\$11,281,496	\$87,762,759	11.18%	12.76%	
2007-2008	\$67,023,546	\$1,500,000	\$14,884,300	\$83,407,846	\$11,766,432	\$95,174,278	9.06%	4.30%	
2008-2009	\$74,294,146	\$1,500,000	\$16,612,357	\$92,406,503	\$12,862,293	\$105,268,796	10.79%	9.31%	
2009-2010	\$74,294,146	\$0	\$16,612,357	\$90,906,503	\$13,025,841	\$103,932,344	-1.62%	1.27%	
2010-2011	\$74,144,146	\$0	\$16,612,357	\$90,756,503	\$13,192,092	\$103,948,595	-0.17%	1.28%	
2011-2012	\$74,607,417	\$0	\$16,612,357	\$91,219,774	\$12,630,414	\$103,850,188	0.51%	-4.26%	
2012-2013	\$73,798,891	\$0	\$16,432,328	\$90,231,219	\$13,938,479	\$104,169,698	-1.08%	10.36%	

### Cuts to State Funded Financial Aid

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#### Cuts

- o Categorical Aid-GOS, Nursing, LEAP, Pre-Collegiate, Teach
- Merit Aid

#### Entitlements

- Native American Tuition Waiver
- Dependents Tuition Assistance Program
- National Guard

# Differences in Demographics



- Not all governing boards/institutions have access to the same resources
  - Tuition
  - Foundation/Grant aid
- Percentage of Pell (Handout)
  - Adams State University has the greatest saturation of Pell recipients
  - The largest number of Pell recipients in the state attend Metropolitan State University of Denver

### Compromises in Model



- Since the downturn, financial aid resources have been diminished due to increased enrollment without additional funding
  - The model no longer serves the purpose that it was created to serve
    - Not all Level 1 students are served
    - ▼ No transparency
  - Principles considered in recent years
    - x Shared pain
    - × Hold harmless
    - **Predictability**

### Considerations for Future Financial Aid Policy



- Undergraduate/Graduate
- Students/Institutions
- Public/Private
- Access/Retention
- FT/PT

# Timeline for Changes

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#### October

- o 1st SURDS files received—all schools
- o 1-15<sup>th</sup> SURDS corrections—if any

#### November

- o 1st-Governor's budget request
- JBC
- Financial aid report
- o November-December first ability to calculate eligible students for upcoming year.

#### December

Revenue Forecast

#### January

- Legislative Session
- o If new methodology adopted, latest institutions to know

#### February

o Pell EFC known for upcoming year

#### March

- Institutions begin to package
- New revenue forecast

#### April-May

- Long Bill
- Estimates to school
- June—Financial Aid Allocations approved by CCHE

#### **Discussion**



- With limited resources how can the Commission target state based aid to serve the higher education goals in Colorado?
  - Is Level 1 the right target?
  - Are there three tiers? Do we re-evaluate?
  - Should financial aid allocations and base funding allocations be combined?
  - Eligibility limited to a certain completion rate? i.e. 140 credit hours.
  - Evaluation of whether or not allocation is achieving intended outcomes.
    - ▼ There has always been the intent to review and evaluate the various methodologies, but the economic circumstances have skewed the impact.

